

**Memorandum to the File
Case Closure**

Alleged Misuse of Government Resources
VA Medical Center, Washington, DC
(2011-01897-1Q-0107)

The VA Office of Inspector General Administrative Investigations Division investigated allegations that (b) (7)(C) (b) (7)(C) and (b) (7)(C) Washington, DC, misused Government resources to pay for a party in his honor, to include catered food and framed wall pictures of himself for this party, and that he misused his subordinates' time by having them mount and hang these pictures. To assess these allegations, we interviewed (b) (7)(C) and VAMC employees responsible for the February 2010 event. We also reviewed event records and receipts, images of event posters and mementos, and applicable Federal laws, regulations, and VA policy.

Standards of Ethical Conduct for Employees of the Executive Branch state that employees shall protect and conserve Federal property and shall not use such property, or allow its use, for other than authorized activities. 5 CFR § 2635.101 and § 2635.704. They also state that an employee shall use time in an honest effort to perform official duties and not encourage, direct, coerce, or request a subordinate to perform activities other than those required in the performance of official duties. *Id.*, at § 2635.705. VA policy requires VA managers to ensure that all program operations, obligations, and costs comply with applicable laws and regulations; that all resources will be allocated for duly authorized purposes; and that managers will provide reasonable assurance that assets are safeguarded against waste, loss, unauthorized use, and misappropriation. VA Directive 0070, paragraph 2a (6) and (7).

Personnel records reflected that (b) (7)(C) was (b) (7)(C) from July 8, 2007, to December 5, 2010, when he was appointed as (b) (7)(C). (b) (7)(C) told us that he actually departed the VAMC on October 2, 2010, when he was appointed as (b) (7)(C). He said that in February 2011, he attended a VAMC ceremony to celebrate their accomplishments during his tenure as (b) (7)(C) but that he was not involved in planning, directing, or carrying out this event.

Event records reflected that on February 8, 2011, the VAMC held a community "Flagship Celebration" to honor the VAMC's accomplishments during (b) (7)(C)'s tenure as (b) (7)(C). (b) (7)(C) who headed the committee for planning and carrying out the event, told us that (b) (7)(C) was not responsible for planning, directing, organizing, or executing the event. She said that (b) (7)(C) was invited to attend as a guest and honoree. She further said that the event was to celebrate the VAMC accomplishments of all VAMC personnel under (b) (7)(C)'s leadership. (b) (7)(C) said that the VAMC presented (b) (7)(C) with an "honor award" as part of the program; however, she said that the event was not specifically or exclusively in (b) (7)(C)'s honor. Records reflected that the honor award given to (b) (7)(C) was a glass trophy in the shape of a ship's wheel and that the cost of the honor award was \$98.90.

Other members of the event planning committee confirmed what (b) (7)(C) told us. (b) (7)(C) told us that, to her knowledge, (b) (7)(C) was not responsible for planning or executing the event and did not approve any expenditure of funds for it. (b) (7)(C) also told us that (b) (7)(C) was not responsible for planning or carrying out the event.

(b) (7)(C) and (b) (7)(C) told us that Veterans Service Organizations (VSOs) donated the food served at the event, at no expense to VA. They also said that Government funds were not expended to purchase framed pictures of (b) (7)(C) for the event. They said that VAMC Medical Media shop employees made a number of posters consisting of enlarged photographs mounted on foam board that were hung on the walls of the auditorium as decorations for the event. (b) (7)(C) gave us copies of the poster images, which depicted (b) (7)(C) and other VAMC employees, patients, and volunteers receiving honors and participating in other events and activities at the VAMC.

(b) (7)(C) and (b) (7)(C) told us that the Medical Media shop provided similar posters for other VAMC community events and that producing such posters was a normal part of the shop's duties. VA policy allows for appropriated funds to be used to pay for "ceremonial expenses" for awards ceremonies, to include planning and procuring "modest decorations" for the ceremony. VA Handbook 5017, Part I, paragraph 3e, and Part IV, Appendix B, paragraph 2k. It also states that expenses for appropriate promotion, publicity, and administration of awards may be incurred at the discretion of key officials as a necessary expense of administering their awards programs in accordance with VA financial policy, and necessary expenses may include appropriate items which enhance the ceremony and presentation of awards. Id., at Part I, paragraph 3g.

Event records and emails reflected that on February 7, 2011, the Assistant Medical Center Director and a contracting officer approved the purchase of 500 leather bookmarks at a total cost of \$1,715 (\$3.43 per bookmark). (b) (7)(C) told us that the bookmarks were distributed to VAMC employees at or in conjunction with the February 8 event. Records reflected that the bookmarks did not display any contact, motto, or message relating to VA's objectives or mission and that they were imprinted only with the name of the VAMC.

Federal law states that appropriations shall be applied only to the object for which appropriations were made, except as otherwise provided by law. 31 USC § 1301(a). The U.S. Comptroller General ruled that, where an appropriation does not specifically authorize an expenditure, such an expenditure is permissible if it is reasonably necessary in carrying out an authorized function, or will contribute materially to the effective accomplishment of that function, and is not otherwise prohibited by law (the "necessary expense rule"). 66 Comp. Gen. 356 (1987). The Comptroller General further ruled that the application of the "necessary expense rule" is, in the first instance, a matter of agency discretion. However, Government agencies do not have unfettered discretion in this matter. Under the "necessary expense rule," an agency may purchase items in the nature of gifts or souvenirs only where there is a direct link between the items and the purpose of the appropriation to be charged. B-247563.3, "Expenditures

by the Department of Veterans Affairs Medical Center, Oklahoma City, Oklahoma," December 11, 1996; B-257488, "Use of Appropriations for 'No Red Tape' Buttons and Mementos," November 6, 1995.

VA policy defines mementos as "keepsakes or souvenirs designed to commemorate an event or occasion" and states that the VA may expend funds to purchase such mementos only if such items are specifically provided for in an appropriations act or other statute or are allowable under the "necessary expense" rule, where the items will directly further the VA's mission. VA Financial Policies and Procedures, Volume II, Chapter 4, paragraph 040613. VA policy further states that inexpensive gifts or mementos may be distributed to employees to commemorate an event, such as the Combined Federal Campaign, or to convey a message important to the achievement of VA's objectives or mission. Such items must be reasonably necessary to accomplish a mission of the VA and may not have any intrinsic value (i.e., no retail or resale value and cannot be used solely for personal purposes). Examples include inexpensive items such as pens and pencils, buttons, lanyards, medals, engraved coins and magnets. Id., at paragraph 040504A.

We told the VAMC Assistant Director that purchasing the bookmarks for this event fell into somewhat of a gray area, based on what was imprinted on the bookmarks, and we suggested that she seek guidance from Regional Counsel before expending appropriated funds to purchase mementos in the future.

Conclusion

We did not substantiate the allegation that (b) (7)(C) misused Government resources, to include his subordinates' time, for a party in his honor. We found that (b) (7)(C) was no longer (b) (7)(C) at the time of the February 8, 2011, "Flagship Celebration," and that he had no involvement in planning or carrying out the event. We found that VSOs provided the food, at no expense to VA, for the event and that the production of photographic posters was not a misuse of resources. However, we found that the use of appropriated funds to purchase bookmark as mementos was questionable under the "necessary expense rule," as it was not clear how these items would "directly further the VA's mission" or were "reasonably necessary to accomplish a mission of the VA." We determined that this was a gray area, because, had the bookmarks been imprinted with a clear message or motto directly relating to VA's mission, this use of appropriated funds would be proper. We suggested that the Assistant Director seek guidance from Regional Counsel before expending appropriated funds to purchase mementos in the future. We are closing this investigation without issuing a formal report or memorandum.

(b) (7)(C) [Redacted]

Prepared by

8/9/2011
Date

(b) (7)(C) [Redacted]

Approved by

8/9/11
Date